

SENATE BILL REPORT

E2SHB 1705

As Reported By Senate Committee On:
Ways & Means, March 30, 2007

Title: An act relating to the creation of health sciences and services authorities.

Brief Description: Creating health sciences and services authorities.

Sponsors: House Committee on Finance (originally sponsored by Representatives Barlow, Ormsby, Kenney and Wood).

Brief History: Passed House: 3/09/07, 68-29.

Committee Activity: Ways & Means: 3/26/07, 3/30/07 [DPA, w/oRec].

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass as amended.

Signed by Senators Prentice, Chair; Fraser, Vice Chair, Capital Budget Chair; Pridemore, Vice Chair, Operating Budget; Brandland, Carrell, Fairley, Hatfield, Hewitt, Hobbs, Keiser, Kohl-Welles, Oemig, Parlette, Rasmussen, Regala, Roach, Rockefeller, Schoesler and Tom.

Minority Report: That it be referred without recommendation.

Signed by Senators Zarelli, Ranking Minority Member and Honeyford.

Staff: Dean Carlson (786-7305)

Background: Special purpose districts are limited purpose local governments established to perform a specialized function separate from a city, town, or county (local government). Examples of functions include electricity services, flood control, irrigation, parks and recreation, public facility districts, and water and sewer services. According to the Municipal Research and Services Center of Washington, there are an estimated 80 different special purpose districts in the state. Most often the governance structures are designated in statute. Most powers of a special purpose district are vested in a board of directors, board of trustees, or board of district directors.

Summary of Engrossed Second Substitute Bill: Health sciences and services authorities can be created by sponsoring local governments to promote bioscience-based economic development and advance new therapies and procedures to combat disease and promote public health.

Sponsoring local governments can be a city, town, or county. The authority must be established by an ordinance or resolution. The ordinance must at minimum establish an

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administrative board for the authority, and specify the powers and duties and boundaries of the authority. Only one authority can be created statewide.

The application for designation as a health sciences and services authority must:

- demonstrate public funds directed to the authority and its programs will leverage private resources and contributions;
- provide a plan for the development of the authority as an entity to advance as a cluster for health sciences education, research, biotechnology development, biotech product commercialization, and/or health care services; and
- demonstrate that the state has previously provided funds to health sciences and services programs or facilities in the applicant city, town, or county.

Local governments must submit applications for an area's designation as a health sciences and services authority to the Department of Community, Trade, and Economic Development (CTED) by December 31, 2007. The Director may reject or approve an application.

CTED must develop evaluation and performance measures in order to evaluate the effectiveness of the programs that are funded with public monies. They must provide a report to the Legislature each biennium beginning December 1, 2009.

An authority can incur general indebtedness to finance its grants and programs. This indebtedness can be retired through funds distributed to the authority by the Department of Revenue.

The Department of Revenue is required to distribute quarterly 0.0075 percent of the proceeds generated by the state retail sales and use taxes within the sponsoring local government's jurisdiction during the previous quarter. These amounts can only be used within the defined powers and duties of the authority or to retire the indebtedness. The tax expires January 1, 2013.

EFFECT OF CHANGES MADE BY RECOMMENDED STRIKING AMENDMENT(S) AS PASSED COMMITTEE (Ways & Means): A health services and science authority may only be created in a county of less than one million people. The rate for the sales tax credit is increased from 0.0075 percent to 0.015 percent. The January 1, 2013, expiration date is removed. Technical corrections were made to the application of the sales and use tax credit.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony: PRO: This plan will help keep Washington competitive in biosciences, combat disease, and promote public health. This will help public/private partnerships for science education and research. We are talking about important life saving and life enhancing jobs as well as good paying jobs.

Persons Testifying: PRO: Representative Barlow, prime sponsor.